

AR03

Alliance

Alliance Building
Corporation Limited

SEMI ANNUAL REPORT 1970

New Corporate Headquarters, Alliance House, Don Mills, Ontario

SIX MONTHS ENDED JUNE 30



Alliance Building Corporation Limited

Dear Shareholder:

Unaudited figures for the six month period ended June 30, 1970 are now available.

Income before income taxes for this period amount to \$395,999.00 or 37.1 cents per share as compared to \$257,202.00, or 27.2 cents per share for the same period last year.

The nature of your Company's business is such that income can fluctuate considerably, and results in a short term are not necessarily an indication of longer term trends, however we would expect that net income for the year will be higher than 1969's net income.

However, the most significant item of interest to the shareholders is that the market value of the assets of your Company have considerably appreciated during the year and reflect a very high breakup value per share.

Significant changes in the scope of operations of your Company have been instituted this year and these will reflect in the future earnings and will increase the valuation of your Company's assets. We would like to point out below some of the highlights.

(1) New Officers

After the Annual Meeting the following people were elected as Officers of your Company:

A. G. Fisher, Chairman of the Board
David Satok, President
E. J. Weiss, Vice-President
Samuel Young, Secretary-Treasurer

(2) Industrial Malls

The vacancy rate in our existing industrial malls remains at a significantly low level. We are in process of commencing an additional five factories which should increase our rental income by approximately \$250,000.00 in the ensuing year.

(3) Residential Developments

Since our entry into the residential development

field we are just finishing two town house projects in Kitchener and Waterloo and will be commencing a condominium town house project at Leslie and Steeles in North York. Plans are under way for much larger activities in the housing field within the next twelve months which should substantially increase our earnings figure.

(4) Shopping Centres

Your Company has acquired a 50 percent interest in the Flemington Park Shopping Centre in Don Mills. In addition to improving the existing stores, whose sales will increase due to the 3,500 families that will move into the adjoining Chapel Glen Development, we are presently negotiating to double the size of the shopping centre on the existing vacant land.

(5) Oakville

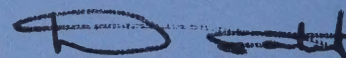
Our first industrial building in Oakville has been rented to Western Gypsum Limited, and plans are proceeding to erect the second building in this industrial subdivision that will eventually consist of approximately two million square feet of industrial space.

(6) Milton

Construction has started on our first industrial mall in Milton. The Town of Milton has approved the servicing of internal roads in the subdivision through local improvements and this work will commence in the Fall.

In conclusion, we are anticipating a diversification of our interests encompassing all activities in the development and construction fields, which will materially improve the outlook for your Company in the years to come.

August 25, 1970



DAVID SATOK
President

Consolidated Statement of Income

(Unaudited)

	Six Months Ended June 30	
	1970	1969 (Note 1)
Income:		
Rentals	\$ 331,802	\$ 235,222
Sales of lands and buildings	1,949,604	1,376,579
Less cost thereof:	1,535,108	1,117,593
	414,496	258,986
Share of profits in partnerships	70,508	112,052
Other	22,619	24,270
	839,425	630,530
Expenses:		
Interest	176,974	140,409
Depreciation	53,569	35,223
Other rental, administrative and general	212,892	197,696
	443,435	373,328
Income before income taxes	395,990	257,202
Income taxes:		
Current portion	2,564	4,120
Deferred portion	205,405	128,004
	207,969	132,124
Net income	\$ 188,021	\$ 125,078
Fully diluted earnings per share before deferred income taxes	37.1¢	27.2¢
Fully diluted earnings per share after deferred income taxes	17.7¢	13.4¢

See accompanying notes.

Consolidated Balance Sheet

(Unaudited)

Assets

	June 30	
	1970	1969
Real Estate, at cost:		(Note 1)
Income producing properties less accumulated depreciation (1970 — 287,202)	\$ 6,168,833	\$ 3,933,759
Land and improvements not under development	4,064,203	1,876,689
Mortgages and accounts receivable	974,306	956,191
Equity and advances to partnerships	481,979	157,255
Investment in and advances to associated companies	25,141	146
Sundry assets and prepaid expenses	27,438	125,387
	<u>\$11,741,900</u>	<u>\$ 7,049,427</u>

Liabilities

Bank indebtedness	\$ 322,442	\$ 155,696
Accounts payable and accrued liabilities	1,404,890	604,369
Estimated income taxes	2,564	9,419
Mortgages payable	7,786,252	4,604,191
	<u>9,516,148</u>	<u>5,373,675</u>
Deferred income taxes	406,572	117,313

Shareholders' Equity

Capital		
Authorized:		
165,255 Preferred shares, \$10 par value, non-voting issuable in series.		
1,750,000 Common shares, no par value.		
Issued:		
Preferred shares:		
32,760	327,600	
67,505		675,050
Common shares:		
1,005,706	1,135,177	
925,010		787,927
	<u>1,462,777</u>	<u>1,462,777</u>
Retained earnings	356,403	95,662
	<u>1,819,180</u>	<u>1,558,439</u>
	<u>\$11,741,900</u>	<u>\$ 7,049,427</u>

Approved on behalf of the Board of Directors

D. Satok, Director

S. Young, Director

See accompanying notes.

Consolidated Statement of Retained Earnings

(Unaudited)

	Six Months Ended June 30	
	1970	1969
Retained earnings, January 1	\$ 178,848	\$ 84,861
Net income for period	188,021	125,078
Adjustment of prior year's income taxes		1,050
	<u>366,869</u>	<u>210,989</u>
Dividends paid	10,466	17,551
Share issue expenses net of reduction in applicable income taxes		35,271
Commission on sale of shares		62,505
	<u>10,466</u>	<u>115,327</u>
Retained earnings, June 30	<u>356,403</u>	<u>95,662</u>

See accompanying notes.

Consolidated Statement of Source and Use of Cash

Six Months Ended June 30, 1970

(Unaudited)

Source of cash:

Operations:

Net income	\$ 188,021
Add: charges not requiring a cash outlay.	
Depreciation	53,569
Deferred income taxes	205,405
	<u>446,995</u>

Increase in mortgages payable	1,977,453
Net change in other assets and liabilities	141,575
	<u>\$ 2,566,023</u>

Use of cash:

Dividends on preferred shares	10,466
Increase in: Income producing properties	966,147
Land and improvements not under development	922,743
Mortgages and accounts receivable	467,506
	<u>2,366,862</u>
Reduction in bank indebtedness	<u>\$ 199,161</u>

See accompanying notes.

Notes to Consolidated Financial Statements

Six Months Ended June 30, 1970

1. The consolidated statement of income for the six months ended June 30, 1969 has been restated to reflect a reduction in net income in the amount of \$61,644.00, based on an adjustment applicable to deferred and current income taxes.
2. A comparative 1969 statement of source and use of cash has been omitted because of the lack of availability of the information.